



Ministry  
of Revenue

Gasoline  
Tax Branch

Margaret Scrivener  
Minister

T.M. Russell  
Deputy Minister

# Information Bulletin

Tobacco Tax Act

Government  
Publications

Number 4-77

Date: June 27, 1977

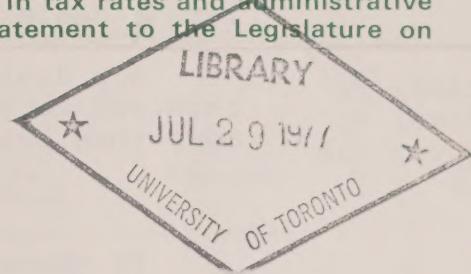
## ONTARIO BUDGET 1977

### TOBACCO TAX INCREASES AFFECTING RETAILERS

This Bulletin sets out the highlights of the changes in tax rates and administrative procedures re-introduced by the Treasurer in his statement to the Legislature on June 27th, 1977.

### HIGHLIGHTS

- TAX INCREASES RE-INTRODUCED
- APPLICATION OF INCREASED TAX TO DELIVERIES
- TAX ON INVENTORIES
- TAX RATE ON CUT TOBACCOS CHANGED TO METRIC BASE
- CHANGES TO THE LAW
- TABLES OF RATE CHANGES



#### Increase of Tax on Cigarettes and Tobaccos

The increased tax rates on tobacco products announced in the Budget of April 19, 1977 have been re-introduced. The new rates as set out in the attached schedule are effective for the period April 20th to April 29, 1977 inclusive and on and after June 28th, 1977. In brief the increase is 50 cents on a carton of 200 cigarettes and is effectively doubled on cigars and other tobaccos.

#### Application of Increased Tax to Deliveries

The increased tax will be applied to all sales by retailers of stock received after June 27, 1977. Your wholesale dealer is required to collect the increased tax on all deliveries made after June 27, 1977 regardless of when the tobacco stock may have been ordered.

#### Tax on Cigarette Inventory

Cigarettes in stock as at midnight Monday, June 27, 1977 must be counted and the difference between the old and new rates of tax, that is 50¢ per carton, must be reported and paid to the Ministry of Revenue.

3 1761 120623244

Metric

The new tax rate for cut tobaccos is based on the metric system with 1 gram as the base. Although the new rate results in some odd fractions for ounce-size packages, it is expected that the difficulties caused by these odd amounts will disappear as metric-only packages become the standard by December, 1978.

Other Changes to The Tobacco Tax Act

*Changes for  
Retailers*

A brief outline of those other changes to the Act which affect retailers is given below.

*Retailers only  
to buy from  
Collectors*

Purchases of tobacco for resale must be made only from a designated collector and all wholesale tobacco dealers must now be collectors and collect the tax from retail dealers and consumers.

*Penalty for  
Failure to  
Collect Tax*

Any dealer who does not collect the tax he is required to collect may be assessed a penalty of not more than twice the amount of tax he failed to collect.

Assistance

If there are any questions on the new rates, please write us at: Ministry of Revenue,  
Gasoline Tax Branch,  
Queen's Park,  
Toronto, Ontario.  
M7A 1Y3

or telephone us at:

(416) 965-2587 or (416) 965-6352

If there are questions about the legislation changes, please write to Mr. A. B. Williams, Chief Legislation and Appeals Officer at the above address or telephone him at (416) 965-0299.

We apologize for the inconvenience caused you by the various tax changes which have occurred since April 19, 1977 and appreciate your continued co-operation in the collection of the tobacco tax.

FOR FURTHER INFORMATION CONSULT THE DISTRICT OFFICE IN YOUR AREA,  
AS LISTED BELOW:

BELLEVILLE K8N 1E3	208 Dundas Street East 962-9108	ORILLIA L3V 6K5	19 Front Street North P.O. Box 670 326-3519	TORONTO M4P 1H6	2300 Yonge St., 10th Floor 487-7161
HAMILTON L8P 1B4	361 King Street West 528-8393	OTTAWA K1Z 7L7	1419 Carling Avenue Hampton Park Plaza 728-5887	WELLAND L3B 3Z7	76 Division Street 732-1318 (In St. Catharines and Niagara Falls, Call 688-1360 or 688-1368)
KITCHENER N2G 1G1	824 King Street West 744-6318	SUDBURY P3A 1Z7	1536 LaSalle Blvd. 674-3151	WINDSOR N9A 6V9	250 Windsor Ave. 252-4405
LONDON N6C 4P4	310 Wellington Rd. 433-4033	THUNDER BAY P7C 5G6	435 James Street South P.O. Box 5000 Ontario Government Bldg. 475-1681		
NORTH BAY P1B 2H3	1500 Fisher Street Northgate Plaza 474-4900				

NEW RATES OF TOBACCO TAX

	<u>Old Rate</u>	<u>New Rate</u>	<u>Increase</u>
<u>Cigarettes:</u>			
per cigarette	71/100¢	96/100¢	25/100¢
pack of 20's	14.2¢	19.2¢	5¢
pack of 25's	17.75¢	24¢	6.25¢
Carton (200)	\$1.42	\$1.92	50¢
<u>Cigars (see reverse also):</u>			
Retail not over 7¢	1¢	2¢	1¢
Retail over 7¢ not over 10¢	2¢	4¢	2¢
over 10¢ not over 15¢	3¢	6¢	3¢
for every 5¢ over 15¢ addnl 1¢	addnl 1¢	addnl 2¢	addnl 1¢

Cut Tobaccos - 35/100 of 1¢ for every gram or part thereof:

<u>Present Avoirdupois Size</u>	<u>Metric Size</u>	<u>Old Rate</u>	<u>New Rate</u>	<u>Increase</u>
-	1 g	-	0.35¢	-
Up to $\frac{1}{2}$ oz.	-	2 $\frac{1}{2}$ ¢	5.25¢	2.75¢
-	25 g	-	8.75¢	-
1 oz.	-	5¢	10.15¢	5.15¢
-	40 g	-	14¢	-
1 $\frac{1}{2}$ oz.	-	7 $\frac{1}{2}$ ¢	15.05¢	7.55¢
-	50 g	-	17 $\frac{1}{2}$ ¢	-
2 oz.	-	10¢	19.95¢	9.95¢
3 oz.	-	15¢	30.10¢	15.10¢
	100 g	-	35¢	-
4 oz.	-	20¢	39.90¢	19.90¢
5 oz.	-	25¢	49.70¢	24.70¢
	150 g	-	52 $\frac{1}{2}$ ¢	-
6 oz.	-	30¢	59.85¢	29.85¢
	200 g	-	70¢	-
8 oz.	-	40¢	79.45¢	39.45¢
12 oz.	-	60¢	\$1.1935	59.35¢
	350 g	-	\$1.22 $\frac{1}{2}$	-
	450 g	-	\$1.57 $\frac{1}{2}$	-
1 lb.	-	80¢	\$1.5890	78.90¢
	1 kg	-	\$3.50	-
	2 kg	-	\$7.00	-
	3 kg	-	\$10.50	-

CIGARS - Per Cigar

Present Tax Incl. Retail (per cigar)	Tax Included	Net Retail per Cigar	New Tax	New Tax Incl. Retail per cigar *	Increase in Retail per cigar
--	-----------------	-------------------------	------------	--	------------------------------------

	not over		over	not over		over	not over	
1¢ -	8¢	1¢		1¢ -	7¢	2¢	3¢ -	9¢ 2¢
9 -	12	2		7 -	10	4	9 -	14 4
13 -	18	3		10 -	15	6	14 -	21 6
19 -	24	4		15 -	20	8	21 -	28
25 -	30	5		20 -	25	10	28 -	35 etc.
31 -	36	6		25 -	30	12	35 -	42
37 -	42	7		30 -	35	14	42 -	49
43 -	48	8		35 -	40	16	49 -	56
49 -	54	9		40 -	45	18	56 -	63
55 -	60	10		45 -	50	20	63 -	70
61 -	66	11		50 -	55	22	70 -	77
67 -	72	12		55 -	60	24	77 -	84
73 -	78	13		60 -	65	26	84 -	91
79 -	84	14		65 -	70	28	91 -	98
85 -	90	15		70 -	75	30	98 -	\$1.05
91 -	96	16		75 -	80	32	\$1.05 -	1.12
97 -	\$1.02	17		80 -	85	34	1.12 -	1.19
\$1.03 -	1.08	18		85 -	90	36	1.19 -	1.26
1.09 -	1.14	19		90 -	95	38	1.26 -	1.33
1.15 -	1.20	20		95 -	-\$1.00	40	1.33 -	1.40

\* In almost all instances it would be impossible to have the lowest price shown as a tax included price and still meet the requirements of the Act, but if such a price is charged we should receive the tax shown.